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Paul / file



(CANADA) LIMITED

ANNUAL REPORT FOR THE YEAR ENDED JANUARY 31, 1981

HIGHLIGHTS

For the year ending January 31	1981	1980	Increase
Sales	\$234,602,147	\$213,866,686	9.7%
Earnings Before Taxes	\$ 25,776,060	\$ 18,042,407	42.9%
% of Sales	11.0	8.4	30.9%
Earnings After Taxes	\$ 13,915,832	\$ 10,579,109	31.5%
% of Sales	5.9	4.9	20.4%
Per Share	\$3.00	\$2.28	31.5%
Shareholders' Equity	\$ 70,085,672	\$ 60,019,165	16.8%
Per Share	\$15.11	\$12.94	16.8%
Number of Stores	606	589	2.9%

Reitman

(CANADA) LIMITED



Sam Reitman

Directors

Sam Reitman

Gerald Smith

Jack Reitman

Cyril Reitman

Jack Hymes

Philippe de Gaspé Beaubien, O.C.

Philip F. Vineberg, O.C., Q.C.

Philip Sacks

Isaac Salem

Jeremy H. Reitman

Transfer Agent & Registrar

MONTREAL TRUST COMPANY

Halifax,

Montreal, Toronto,

Calgary, Vancouver

Officers

Sam Reitman

Chairman of the Board

Jack Reitman

President

Gerald Smith

Executive Vice-President

Isaac Salem

Vice-President & Treasurer

Jeremy H. Reitman

Vice-President & Secretary

Leo Bouchard

Vice-President

Peter S. Cohen

Vice-President – Real Estate

Gilles Ferland

Vice-President – Personnel

Gary Hayes

*Vice-President – Merchandising
Smart Set / Sweet Sixteen*

Jack Hymes

Vice-President

Cyril Reitman

Vice-President

Stephen F. Reitman

Vice-President – Merchandising

Jacques Rousseau, C.A.

Vice-President – Comptroller

Philip Sacks

*Vice-President
General Merchandise Manager*

Allan Salomon

Vice-President – Legal Counsel

Brian Smith

Vice-President – Store Operations

Louis Waxman

Vice-President – Ontario Operations

Jay Weiss

Vice-President – Information Systems

The President's Report

to the Shareholders of Reitmans (Canada) Limited



Jack Reitman

I have pleasure in presenting, on behalf of the Board of Directors, the Annual Report of Reitmans (Canada) Limited and its wholly-owned subsidiaries for the fiscal year ended January 31, 1981.

Sales for the year amounted to \$234,602,147 as compared with sales of \$213,866,686 last year, an increase of 9.7%. Sales in Canada increased 9.7% to \$205,789,109 while sales in Worths increased 9.4% to \$28,813,038. Net earnings increased 31% to a record \$13,915,832 or \$3.00 per share as compared with \$10,579,109 or \$2.28 per share. The excellent improvement in earnings is directly attributable to the Company's policy of maintaining close control over inventories, thereby providing a significant increase in gross margins when compared to the depressed margins of last year. This policy is continuing and you will note that, at year end, merchandise inventories were approximately \$1,200,000 less than last year.

The operating earnings of our Worths operation were disappointing, yet expected. A severe downturn in U.S. retail trade, accompanied by the dramatic increase in interest rates to record levels, caused a substantial decrease in comparable store sales. Nevertheless, we continued to expand our U.S. operation by the addition of 15 stores last year and plan to open 16 stores this year. At year end we were operating 66 stores in the U.S. compared to 42 stores at the date of acquisition. During the year we implemented a data processing system for merchandising, expanded our distribution facilities in St. Louis, and added several important management people to our U.S. operation. It remains our intention to open approximately 20 Worths stores per year while, at the same time, seeking further acquisitions to add to the Worths operation. We expect substantial improvement in the Worths operation in the current year.

During the period under review, 22 new stores were opened in Canada: 13 Reitmans stores and 9 Smart Set shops. Twenty (20) stores were closed consisting of 10 Reitmans, 1 Smart Set, 5 Sweet Sixteen, and 4 leased departments. Twenty-seven (27) stores underwent substantial renovation. Accordingly, at year end there were 540 stores in operation in Canada consisting of 339 Reitmans stores, 122 Smart Set shops, 73 Sweet Sixteen stores and 6 leased departments. Together with the 66 Worths stores, the Company, through its subsidiaries, operates a total of 606 stores.

Our Canadian expansion program for 1981 continues to be selective. To date, 34 new stores have been leased to open during the year of which 19 will be Reitmans stores and 15 will be Smart Set shops. Our store renovation program is continuing with 14 stores scheduled for major remodelling during the year. Our policy of closing older unprofitable stores will cause approximately 13 stores to close this year.

In view of the very high interest rates, the Company used approximately \$9,500,000 of its cash reserves to retire the debt incurred in the Worths acquisition. Nevertheless, the financial position of the Company continues to be strong. Cash and investments in marketable securities (principally preferred shares in Canadian public companies) total \$41,358,726 as compared with \$31,365,931 last year and provides the Company with a sound financial base to continue its growth. During the year, capital investment of \$2,224,210 was required for new store expansion and store modernization programs in Canada while \$2,361,982 was invested in the U.S. programs. The Company paid cash dividends totalling \$3,849,325 as compared with \$3,617,438 last year, the current dividend rate being 92 Cents per Class A and Common share.

Effective November 1, 1980, the Company sold its retail store accounts receivable to a division of the Bank of Montreal which will provide a "private label charge card service" for the Company's retail store customers. At

the present time, all Sweet Sixteen stores and selected Reitmans and Smart Set stores in Western Canada offer credit. With this new association, we look forward to expanding our credit sales throughout Canada.

On behalf of the Board of Directors, I wish to express our sincere appreciation to our employees for their dedication and loyalty, to our shareholders for their faith in and support of management, to our suppliers for their cooperation, and to our customers for their patronage. These are the people who have made possible our many years of progress and on whom we rely for our future success.

On behalf of the Board of Directors

A handwritten signature in dark ink, appearing to read "Jack Reitman". The signature is fluid and cursive, with the first name "Jack" being more prominent than the last name "Reitman".

Jack Reitman, President

Montreal, April 16, 1981.

STATISTICS
(unaudited)

Year ending January 31	1981	1980	1979	1978
* SALES PER QUARTER				
1st Quarter	\$ 42,465	\$ 40,723	\$ 32,417	\$ 30,648
2nd Quarter	59,089	52,511	43,837	39,531
3rd Quarter	58,543	52,157	42,768	39,340
4th Quarter	74,505	68,476	55,006	50,249
Total	\$234,602	\$213,867	\$174,028	\$159,768
* NET EARNINGS PER QUARTER (1)				
1st Quarter	\$ 1,019	\$ 1,005	\$ 1,291	\$ 1,446
2nd Quarter	3,651	1,766	2,571	2,117
3rd Quarter	4,329	2,990	3,028	2,735
4th Quarter	4,917	4,818	4,125	3,357
Total	\$ 13,916	\$ 10,579	\$ 11,015	\$ 9,655
PER SHARE PER QUARTER (1)				
1st Quarter	\$ 0.22	\$ 0.22	\$ 0.28	\$ 0.32
2nd Quarter	0.79	0.38	0.55	0.46
3rd Quarter	0.93	0.64	0.66	0.59
4th Quarter	1.06	1.04	0.89	0.74
Total	\$ 3.00	\$ 2.28	\$ 2.38	\$ 2.11
* SHAREHOLDERS EQUITY PER SHARE				
	\$ 70,086	\$ 60,019	\$ 53,057	\$ 44,274
	\$ 15.11	\$ 12.94	\$ 11.44	\$ 9.61
* CASH DIVIDENDS PER SHARE				
	\$ 3,849	\$ 3,617	\$ 2,501	\$ 1,928
	\$ 0.83	\$ 0.78	\$ 0.54	\$ 0.42
RETURN ON SALES (%)				
	5.93	4.95	6.33	6.04
RETURN ON EQUITY (%)				
	19.86	17.63	20.76	21.81
NUMBER OF STORES				
REITMANS (2)	345	346	346	336
SMART SET	122	114	102	92
SWEET SIXTEEN	73	78	82	84
WORTHS	66	51	—	—
TOTAL	606	589	530	512
RECORD OF STOCK PRICES (3)				
Common High	\$22.00	\$21.00	\$18.50	\$14.13
Common Low	\$13.50	\$13.75	\$13.50	\$ 9.00
Class A High	\$22.50	\$21.88	\$18.75	\$14.00
Class A Low	\$15.00	\$14.50	\$13.63	\$ 9.50

*(000's omitted)

(1) Excluding extraordinary gain

(2) Including leased departments

(3) On the Toronto Stock Exchange for the immediately preceding calendar year

<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>
\$ 26,986	\$ 24,822	\$15,332	\$13,899	\$12,387	\$11,227
36,362	36,010	22,716	19,972	17,726	16,691
37,411	35,254	21,196	17,410	15,858	14,144
46,078	42,874	30,891	24,973	22,511	21,421
<u>\$146,837</u>	<u>\$138,960</u>	<u>\$90,135</u>	<u>\$76,254</u>	<u>\$68,482</u>	<u>\$63,483</u>
\$ 701	\$ 1,043	\$ 419	\$ 262	\$ 206	\$ 169
895	2,397	1,252	1,016	868	894
2,704	2,562	1,323	911	873	706
3,527	2,809	2,115	1,623	1,497	1,494
<u>\$ 7,827</u>	<u>\$ 8,811</u>	<u>\$ 5,109</u>	<u>\$ 3,812</u>	<u>\$ 3,444</u>	<u>\$ 3,263</u>
\$ 0.15	\$ 0.22	\$ 0.09	\$ 0.06	\$ 0.05	\$ 0.04
0.20	0.53	0.28	0.22	0.19	0.19
0.59	0.56	0.28	0.20	0.19	0.16
0.77	0.62	0.47	0.36	0.33	0.33
<u>\$ 1.71</u>	<u>\$ 1.93</u>	<u>\$ 1.12</u>	<u>\$ 0.84</u>	<u>\$ 0.76</u>	<u>\$ 0.72</u>
\$ 36,178	\$ 29,817	\$22,681	\$18,996	\$16,094	\$13,575
\$ 7.91	\$ 6.53	\$ 4.98	\$ 4.17	\$ 3.53	\$ 2.98
\$ 1,485	\$ 1,541	\$ 1,368	\$ 1,140	\$ 855	\$ 620
\$ 0.32½	\$ 0.33¾	\$ 0.30	\$ 0.25	\$0.18¾	\$0.13½
5.33	6.34	5.67	5.00	5.03	5.14
21.64	29.55	22.52	20.07	21.40	24.03
324	316	308	288	271	253
65	47	23	18	11	6
87	85	—	—	—	—
—	—	—	—	—	—
<u>476</u>	<u>448</u>	<u>331</u>	<u>306</u>	<u>282</u>	<u>259</u>
\$14.75	\$14.75	\$10.25	\$16.75	\$ 8.94	\$10.00
\$ 8.25	\$ 7.50	\$ 6.75	\$ 7.50	\$ 4.75	\$ 4.75
\$14.25	\$14.38	\$ 9.75	\$16.00	\$ 8.13	\$ 9.94
\$ 7.75	\$ 7.00	\$ 5.50	\$ 7.00	\$ 4.44	\$ 4.25

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET A

ASSETS

CURRENT ASSETS

Cash and short-term deposits	\$ 9,246,599	\$ 7,157,437
Accounts receivable	2,543,641	3,752,329
Income taxes recoverable	—	1,983,492
Merchandise inventories	18,791,855	20,052,671
Prepaid items and deposits	1,889,771	1,661,609
Total Current Assets	<u>32,471,866</u>	<u>34,607,538</u>

INVESTMENTS IN MARKETABLE SECURITIES

(Market Value \$29,771,291; 1980 - \$22,917,696)	<u>32,112,127</u>	<u>24,208,494</u>
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FIXED ASSETS

Land and buildings	206,800	172,945
Fixtures and equipment	13,572,305	11,427,230
Leasehold improvements	14,790,406	12,468,666
	<u>28,569,511</u>	<u>24,068,841</u>
Less: Accumulated depreciation	<u>11,486,762</u>	<u>8,564,441</u>
Total Fixed Assets	<u>17,082,749</u>	<u>15,504,400</u>

GOODWILL	<u>12,886,021</u>	<u>13,239,048</u>
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<u>\$ 94,552,763</u>	<u>\$ 87,559,480</u>
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Approved on behalf of the Board

SAM REITMAN	} Directors
JACK REITMAN	

T JANUARY 31, 1981

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued items	\$ 17,434,142	\$ 15,856,434
Sales and withholding taxes	903,881	705,897
Income taxes	4,619,910	—
Total Current Liabilities	<u>22,957,933</u>	<u>16,562,331</u>

LONG TERM DEBT	<u>989,951</u>	<u>10,489,070</u>
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DEFERRED INCOME TAXES	<u>519,207</u>	<u>488,914</u>
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SHAREHOLDERS' EQUITY

Capital Stock		
Class A shares — Issued 2,957,741	982,721	982,721
Common shares — Issued 1,680,000	482,171	482,171
Total Capital Stock	<u>1,464,892</u>	<u>1,464,892</u>
Retained Earnings	<u>68,620,780</u>	<u>58,554,273</u>
Total Shareholders' Equity	<u>70,085,672</u>	<u>60,019,165</u>

	<u>\$ 94,552,763</u>	<u>\$ 87,559,480</u>
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The Notes to the Consolidated Financial Statements are an integral part of these financial statements.

EARNINGS

for the year ended January 31, 1981

	1981	1980
Sales	\$234,602,147	\$213,866,686
Cost of goods sold and selling, general and administrative expenses exclusive of items shown hereunder	206,813,496	194,599,327
	<u>27,788,651</u>	<u>19,267,359</u>
Income from marketable securities and short term deposits	2,640,723	3,218,165
	<u>30,429,374</u>	<u>22,485,524</u>
Deduct:		
Depreciation including net loss on disposal of fixed assets	2,866,634	2,854,821
Interest on long term debt	1,433,653	1,244,018
Amortization of goodwill	353,027	344,268
	<u>4,653,314</u>	<u>4,443,107</u>
Earnings before income taxes	25,776,060	18,042,417
Income taxes	11,860,228	7,463,308
Net Earnings	<u>\$ 13,915,832</u>	<u>\$ 10,579,109</u>
Earnings per share	<u>\$3.00</u>	<u>\$2.28</u>

RETAINED EARNINGS

for the year ended January 31, 1981

	1981	1980
BALANCE AT BEGINNING OF YEAR	\$ 58,554,273	\$ 51,592,602
Net earnings	13,915,832	10,579,109
	<u>72,470,105</u>	<u>62,171,711</u>
Deduct:		
Dividends paid on:		
Class A shares	2,454,925	2,307,038
Common shares	1,394,400	1,310,400
	<u>3,849,325</u>	<u>3,617,438</u>
BALANCE AT END OF YEAR	<u>\$ 68,620,780</u>	<u>\$ 58,554,273</u>

CHANGES IN FINANCIAL POSITION

for the year ended January 31, 1981

	1981	1980
WORKING CAPITAL DERIVED FROM		
Earnings for the year	\$ 13,915,832	\$ 10,579,109
Add: Items not involving working capital		
Depreciation including net loss on disposal of fixed assets	2,866,634	2,854,821
Amortization of goodwill	353,027	344,268
Deferred income taxes	30,293	14,426
Losses (Gains) on sale of marketable securities	261,839	(1,119,810)
Provided from operations	17,427,625	12,672,814
Issue of long term debt	—	9,383,183
Proceeds of sale of marketable securities	10,197,027	7,581,068
Proceeds of disposal of fixed assets	141,209	—
	<u>\$ 27,765,861</u>	<u>\$ 29,637,065</u>
 WORKING CAPITAL APPLIED TO		
Additions to fixed assets	\$ 4,586,192	\$ 4,716,082
Cash dividends	3,849,325	3,617,438
Acquisition of net assets of U.S. subsidiary	—	15,464,209
Purchase of marketable securities	18,362,499	9,410,958
Reduction in long term debt	9,499,119	311,113
	<u>\$ 36,297,135</u>	<u>\$ 33,519,800</u>
 DECREASE IN WORKING CAPITAL	 \$ 8,531,274	 \$ 3,882,735
 WORKING CAPITAL AT BEGINNING OF YEAR	 18,045,207	 21,927,942
 WORKING CAPITAL AT END OF YEAR	 <u>\$ 9,513,933</u>	 <u>\$ 18,045,207</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at January 31, 1981

During the year the Company (formerly Reitman's (Canada) Limited) was continued under the Canada Business Corporations Act. Its subsidiary companies sell ladies' wear at retail in Canada and in the United States.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) The accompanying financial statements are prepared on the historical cost basis in accordance with accounting principles generally accepted in Canada and conform in all material respects to International Accounting Standards.
- b) These consolidated financial statements include the accounts of all subsidiary companies, all of which are wholly-owned. The difference between the cost of the investment in shares of a subsidiary company acquired during a previous year and the underlying equity at the date of acquisition has been accounted for as "goodwill" and is being amortized over a period of forty years.
- c) Merchandise inventories are valued at the lower of cost and net realizable value.
- d) Investments in marketable securities are carried at cost. Income therefrom is included in earnings for the year as dividends are declared.
- e) Fixed assets are carried at cost less accumulated depreciation and are depreciated at the following annual rates applied to their cost:

Buildings	— 5%
Fixtures and equipment	— 10%
Leasehold improvements	— 7½ %, which covers the term of a typical lease plus the first renewal option.

When fixed assets are fully depreciated, it is the practice to write off the costs against accumulated depreciation so that only costs not fully depreciated are carried on the balance sheet.

- f) The companies carry on their operations in leased premises under leases having varying terms of up to thirty years plus options to renew for additional periods. The leases relating to stores and other premises fall into the category of operating leases.
- g) Expenditures associated with the opening of new stores, other than fixtures, equipment and leasehold improvements, are expensed as incurred.
- h) The Company maintains a retirement pension plan. The costs of this plan are expensed in the year required fundings are payable.
- i) Financial statements of the U.S. companies included in these financial statements are translated into Canadian dollars at the following rates of exchange:
 - Current assets and liabilities: at current rates;
 - Non-current assets and liabilities: at historical rates;
 - Items in the statement of earnings: at average rates during the year except for the amortization of non-current assets which are at historical rates.

The resultant gains or losses on translation are included in earnings for the year.

2. LONG TERM DEBT

	1981	1980
Bank loan:		
U.S. \$8,000,000, due April 4, 1989	\$ —	\$ 9,342,320
Debentures:		
7% Sinking Fund debentures due May 1, 1980	—	125,000
6% Sinking Fund debentures due July 15, 1985	1,250,000	1,500,000
	1,250,000	1,625,000
Less: Purchased in advance of sinking fund requirements	283,000	383,000
	967,000	1,242,000
Other	29,964	36,213
	996,964	10,620,533
Less: Portion payable within one year included in accounts payable	7,013	131,463
	\$ 989,951	\$10,489,070

Repayments of long-term debt during the next five years as follows: Year ending January 31, 1982 — \$7,013; 1983 — \$239,951; 1984 — \$250,000; 1985 — \$250,000; 1986 — \$250,000.

The debentures are repayable at the option of the Company in advance of the scheduled repayment dates. Under the terms of the Trust Agreement relating to the debentures, the Company is limited in the amount of dividends, other than stock dividends, which it may pay. The amount of dividends permitted is substantially in excess of the aggregate paid during the year ended January 31, 1981.

3. CAPITAL STOCK

- a) The holders of Class A shares are entitled to receive a fixed, cumulative preferential dividend at the rate of five cents per share, payable as and when declared. After the Common shares have received an equal dividend, the Class A and Common shares rank equally and pari-passu with respect to all further dividends. Both classes of shares rank equally and pari-passu upon any distribution of the assets of the Company. The holders of Class A shares are entitled to vote in certain circumstances only.
- b) At January 31, 1981, 21,035 Class A shares are reserved for issuance to key employees under a stock option plan. No options are outstanding at this date under this plan.

4. LEASES

Minimum lease payments under operating leases exclusive of additional amounts based on percentage of sales, taxes and other occupancy costs, payable during the next five years and subsequent periods amount to:

1982	\$11,371,778
1983	10,487,161
1984	9,691,973
1985	8,556,992
1986	7,304,127
Subsequent periods	27,453,234
	<u>\$74,865,265</u>

5. INFORMATION ABOUT OPERATIONS BY GEOGRAPHIC AREA

	Canada		United States		Total	
	1981	1980	1981	1980	1981	1980
Sales	<u>\$205,789,109</u>	<u>\$187,523,192</u>	<u>\$28,813,038</u>	<u>\$26,343,494</u>	<u>\$234,602,147</u>	<u>\$213,866,686</u>
Operating Earnings						
Before items hereunder:	\$ 28,304,640	\$ 18,124,244	\$ 625,054	\$ 2,458,933	\$ 28,929,694	\$ 20,583,177
Less:						
Depreciation and						
Amortization	\$ 2,276,725	\$ 2,347,582	\$ 942,936	\$ 851,507	\$ 3,219,661	\$ 3,199,089
Net Operating Earnings ..	<u>\$ 26,027,915</u>	<u>\$ 15,776,662</u>	<u>\$ (317,882)</u>	<u>\$ 1,607,426</u>	<u>\$ 25,710,033</u>	<u>\$ 17,384,088</u>
Income from Marketable						
Securities and Short-Term						
Notes					2,640,723	3,218,165
					28,350,756	20,602,253
General Corporate Expenses					1,141,043	1,315,818
Interest Expense					1,433,653	1,244,018
Income Taxes					11,860,228	7,463,308
Net Earnings					<u>\$ 13,915,832</u>	<u>\$ 10,579,109</u>
Identifiable Assets	<u>\$ 40,728,081</u>	<u>\$ 43,122,431</u>	<u>\$21,675,891</u>	<u>\$20,157,385</u>	<u>\$ 62,403,972</u>	<u>\$ 63,279,816</u>
Corporate Assets					32,148,791	24,279,664
Total Assets					<u>\$ 94,552,763</u>	<u>\$ 87,559,480</u>

6. PENSION PLAN

At January 1, 1980, the latest date for which actuarial calculations are available, the unfunded liability amounted to approximately \$866,431 which is being funded by annual payments to 1994.

7. CREDIT DEPARTMENT

During the year the Company discontinued the operations of its credit department and sold its retail customer accounts receivable.

8. COMPARATIVE INFORMATION

The presentation of 1980 figures in the statement of changes in financial position has been restated for comparative purposes.

AUDITORS' REPORT

to the Shareholders of Reitmans (Canada) Limited

We have examined the Consolidated Balance Sheet of Reitmans (Canada) Limited and Subsidiary Companies as at January 31, 1981 and the Consolidated Statements of Earnings, Retained Earnings and Changes in Financial Position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Companies as at January 31, 1981, and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Viau, Robin & Associés
Peat, Marwick, Mitchell & Co.
Chartered Accountants

Montreal, Quebec
April 3, 1981

Reitman • smart set • Sweet Sixteen



	Total	Reitmans	Smart Set	Sweet Sixteen
British Columbia	80	27	8	45
Alberta	47	18	7	22
Saskatchewan	19	12	1	6
Manitoba	12	9	3	—
Ontario (*Incl. leased depts.)	190*	131*	59	—
Quebec	112	97	15	—
New Brunswick	29	16	13	—
Nova Scotia	27	18	9	—
Prince Edward Island	4	3	1	—
Newfoundland	20	14	6	—
CANADA	540	345	122	73
Worths (U.S.A.)	66			
TOTAL CHAIN	606			

Reitman



Reitmans



For over fifty years, Reitmans has played an important role in the Canadian fashion industry. Now, as modern consumers become more informed and sophisticated, our merchandising approach is one of expanding the variety of styles to suit every age, taste and budget of Canadian women and children.

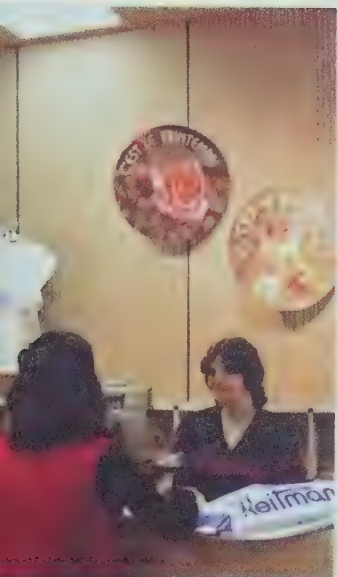
The fashion world is one of constant change. The Company has buying offices in the United States, Europe and throughout the Far East. Our team of Merchandisers and Buyers make frequent trips to these foreign markets to both buy merchandise and to stay abreast of the changing fashion trends.

One of the most important factors contributing to our increasing sales is our ongoing program of remodelling older stores. Interesting architectural details, modern racking and fixturing, combined with subtle and soothing interior colors, bring these older stores into the 80's with a resulting increase in real and potential sales.

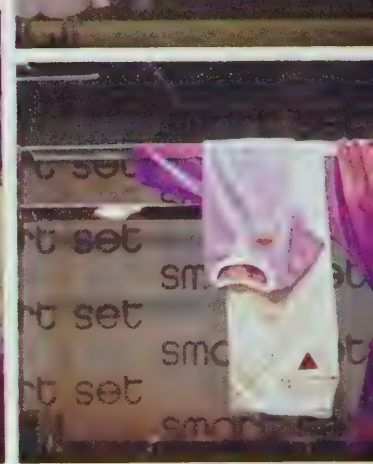
Growing sales volume requires constant change and updating of operating methods in our Distribution Center. Recent improvements in productivity and transportation modes, coupled with tighter inventory controls, have resulted in even more efficient expedition of the flow of merchandise to our retail outlets across Canada.

As retailing generally is becoming a more and more specialized career, a diversified sales and fashion training program has recently been instituted. The already visible results are increased fashion awareness and improved salesmanship abilities among both our new and seasoned staff.

Our reputation for honesty and integrity with Canadian fashion conscious women is truly enviable and one we constantly strive to maintain and improve.



smart set



Sweet Sixteen



The Smart Set and Sweet Sixteen merchandising approach is to zero in on target markets and to offer customer satisfaction and appeal with greater depth of stock in new fashion trends... further enhancing our fashion leadership position.

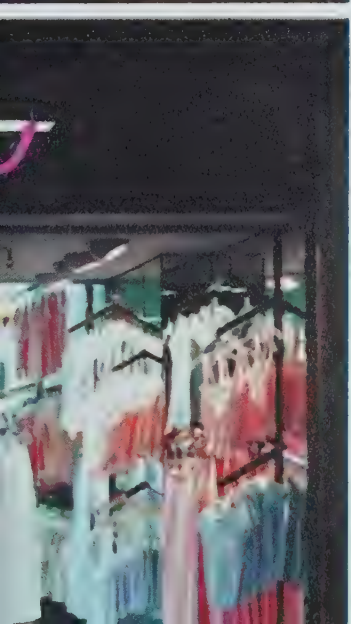
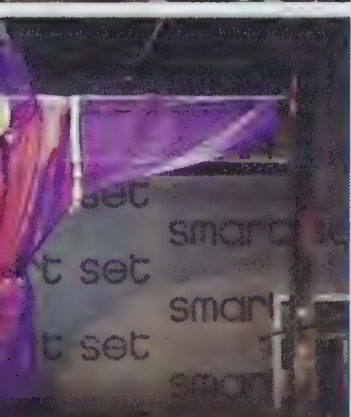
Smart Set / Sweet Sixteen customers have an active lifestyle and many are young career girls. The stores feature departments of junior and contemporary sized stock in current popular items in sportswear, dresses and outerwear and a very select group of accessory items to complement the current fashions. Some of the larger shops now carry loungewear and lingerie items as well.

Store decor is especially designed to be in keeping with the customers' casual lifestyle. Smart Set / Sweet Sixteen shops are bright with wide open fronts and imaginative eye-catching merchandising techniques. Current pop music contributes to a relaxed and familiar atmosphere.

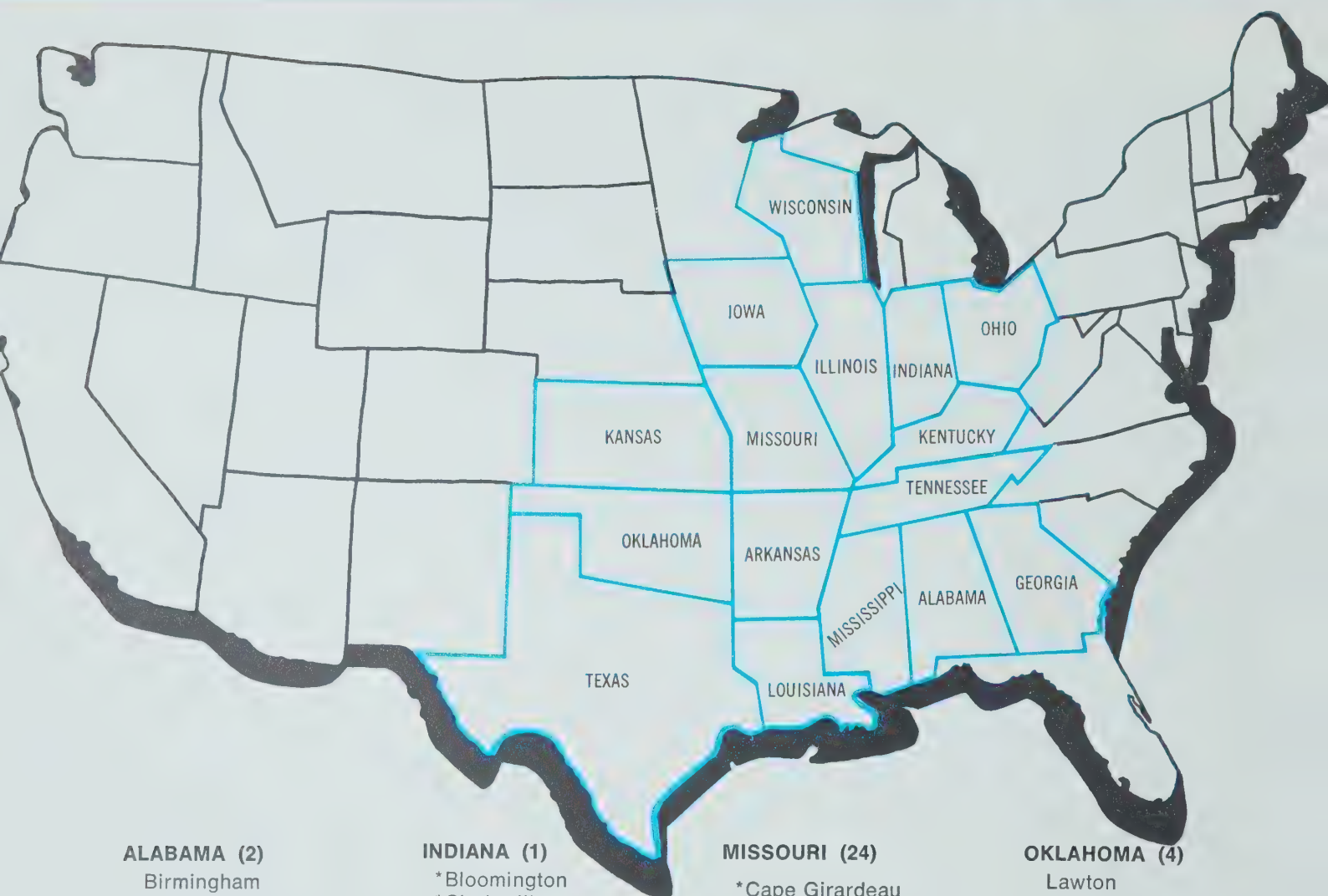
The merchandise mix in both stores is planned with an eye toward fashion leadership and is designed to fill the customers' fashion needs from career to leisure. Additional benefits of personalized credit and layaway plans, contribute to making Smart Set / Sweet Sixteen the fashion headquarter for young Canadians.

Smart Set and Sweet Sixteen stores have a definite and unique character that appeals to the fashion aware and makes shopping an even more enjoyable experience. The current program of "store theatrics"... fully coordinated "fun" in-store promotions has done much to further favorable customer reaction.

Smart Set and Sweet Sixteen have proven that they are the stores to be seen and shopped in !!



WOR



ALABAMA (2)

Birmingham
Tuscaloosa

ARKANSAS (1)

Rogers

GEORGIA (1)

*Athens
Atlanta

ILLINOIS (13)

Alton
Aurora
*Chicago
Cahokia
Carbondale
Champaign
Danville
East St. Louis
Fairview Heights
Forsyth
Normal
Peoria
Skokie
Vernon Hills

INDIANA (1)

*Bloomington
*Clarksville
*Indianapolis
Merrillville

IOWA (1)

Cedar Rapids

KANSAS (4)

Emporia
Kansas City
Overland Park
Wichita

KENTUCKY (1)

Florence

LOUISIANA (1)

New Orleans

MISSISSIPPI (1)

*Laurel
Natchez

MISSOURI (24)

*Cape Girardeau
Chesterfield
Columbia
Des Pères
Florissant
Grandview
Hazelwood
Independence
Jennings (2)
*Kansas City (3)
Le May
Poplar Bluff
Springfield
St. Ann
St. Charles
St. Louis (6)

OHIO (1)

Cincinnati

OKLAHOMA (4)

Lawton
Muskogee
Oklahoma City
*Ponca City
Tulsa

TEXAS (11)

Brownsville
*Dallas
Early
Forth Worth (2)
*Houston (2)
Hurst
Irving
*Killeen
*Plano
Texarkana
Waco

TENNESSEE

*Memphis

WISCONSIN

*Racine

Stores in operation (66)

*Stores to be opened (16)

WORTHS



Bright, cheerful surroundings filled with the latest popular trends for the fashion aware junior and contemporary customer, perhaps best describes the typical WORTHS store.

Our aggressive and selective expansion program has seen WORTHS quickly become recognized as a national retail chain. Our new Buying Offices in New York coupled with our newly operational Data Processing systems are helping our Merchandising team react quickly and more efficiently to the changing fashion trends. The Company has recently opened Buying Offices throughout the Far East, and we feel that WORTHS fashion leadership in the popular priced fields will continue to grow.

Wide open and inviting store fronts and all the newest innovations in store decor and display have been used to enhance the merchandise presentation as well as to create a comfortable and relaxed atmosphere for fashion shopping.

The newly expanded Distribution Centre and Administrative Offices are housed in modern surroundings in St. Louis, Missouri.



Reitman ✓

smart set

Sweet Sixteen

WORTHS





Distribution Center, 250 Sauvé Street West, Montreal, Quebec

